

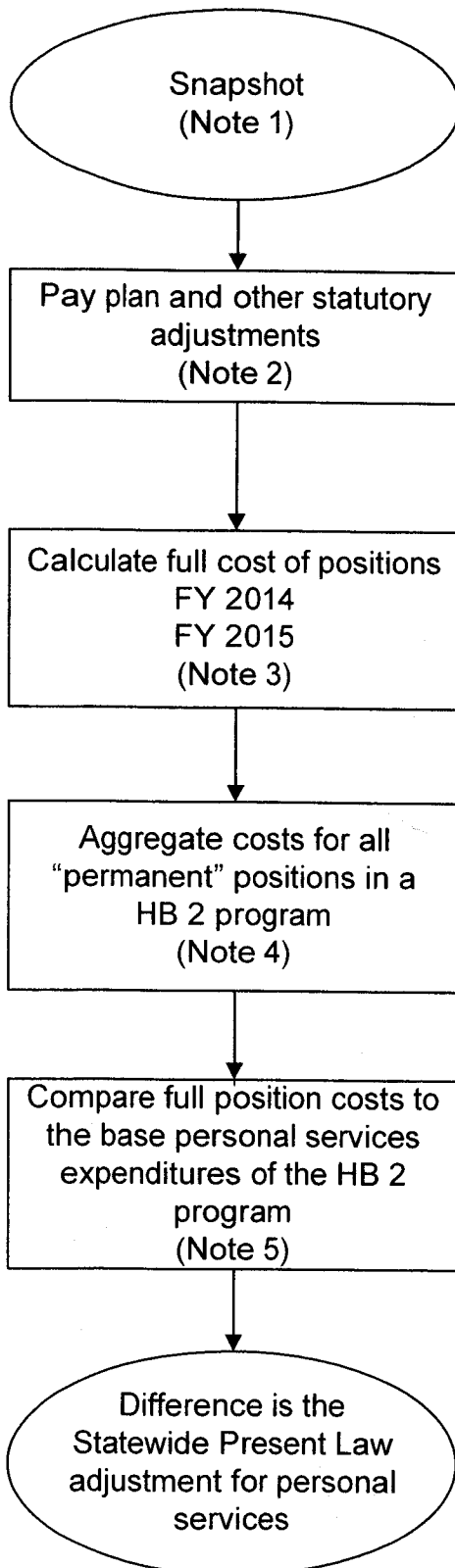
# Methodology for Developing Statewide Present Law Adjustments for Personal Services

EXHIBIT

DATE

HB Budget training

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## Note 1

The snapshot is taken just after the beginning of the start of the fiscal year following the completion of the base year. The snapshot records position and incumbent attributes for all permanent HB 2 funded positions: hourly base salary, years of uninterrupted state service, worker's compensation risk category, FTE, pay plan, grade, job code, and retirement system of the incumbent.

## Note 2

The Office of Budget and Program Planning adjusts the base hourly salary to reflect the effects of the pay plan passed by the previous legislature and for other statutory salary adjustments (e.g. elected official pay raises) for the fiscal years under development (FY 2014 and FY 2015). For example, had the 2011 Legislature increased state employee pay 3% effective January 1, 2013, an adjustment would be needed because it would not be effective at the time of the snapshot. For FY 2014 and FY 2015 no adjustment was needed as no pay plan was approved.

## Note 3

The full cost of the position with the incumbent in the position at the time of the snapshot is calculated by the state budgeting system based on position and incumbent specific attributes, and rates for worker's compensation (agency experience and job risk), FICA, Medicare, employer contribution for retirement, unemployment insurance, employer contribution to employee health insurance, and longevity. See How Full Funding is Calculated for a Position figure for an example of the calculations for determining position costs.

## Note 4

The full cost of all "permanent" HB 2 positions for the HB 2 program are combined to determine the budget needed to fully fund permanent positions of the program for FY 2014 and FY 2015.

## Note 5

The budgetary need to fully fund all permanent positions of the HB 2 program are compared to the base personal services expenditure for the program with the difference being the excess or deficiency of funding in the base and therefore, the statewide present law adjustment for personal services for FY 2014 and FY 2015. Vacancy savings have not been applied at this time by a separate policy decision and show as a separated statewide present law adjustment.